

THE CITY OF



Economic Development Division

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July 10, 2009

Ms. Gwen Massenburg
Brownfields & NPL Reuse Section
US EPA, Region 5
77 West Jackson Blvd.
Chicago, IL 60604-3507

RE: Brownfield Site Assessment Assistance Agreement (BF-00E03401-0): Request for
Cooperative Agreement Project Period Extension

Dear Ms. Massenburg:

I am writing to request an extension for up to six months to our Cooperative Agreement (BF-00E03401-0) project period, which will currently expire on September 30, 2009. Additional time is needed in order to complete initiated (former Panelyte site) and pending (105 East Michigan Ave.) assessment projects.

The Panelyte site is one of the few remaining properties within the Portage Creek corridor that is not publicly owned. The corridor is a series of vacant former paper mill properties that have blighted the neighborhood for decades. The Panelyte parcel is a large former industrial property with multiple recognized environmental conditions (RECs) and complex considerations. Assessment activities at the Panelyte site were recently initiated and are expected to take several months to complete. Completion of the assessment activities will allow the Brownfield Redevelopment Authority (BRA) to acquire the property and facilitate the eventual redevelopment of the entire corridor. The 105 East Michigan Avenue project involves the revitalization of six buildings (\$10 million mixed use residential and commercial) in the core of the central business district and is viewed as a final key to downtown Kalamazoo's transformation (please see attached article). Due to the complicated financial structuring of the project, we have not been able to start assessment activities yet, though if the extension is granted, the assessment will be completed before the end of the year.

In addition to the two assessment projects, an extension to the project period would allow us to complete training and a potential community outreach event using grant funds. If you have any questions please feel free to contact me at 269.337.8336 (direct).

Sincerely,

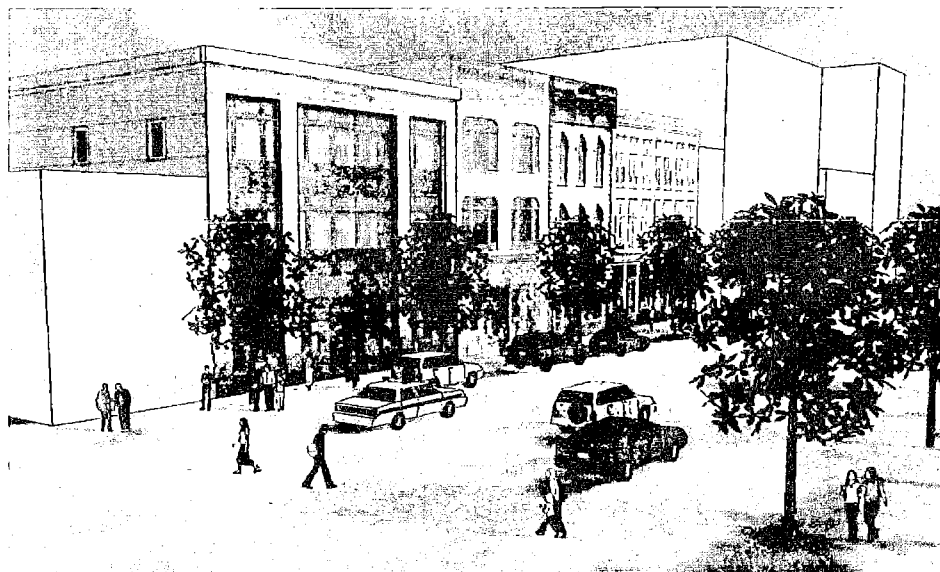
Marc Hatton
Redevelopment Project Manager

c: Jerome Kisscorni, Executive Director of the EDC
Eric Kenner, Redevelopment Coordinator



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Architect's rendering of 100 block of East Michigan Avenue in downtown Kalamazoo.

Gestation of Transformation

By Karen Gentry | MiBiz
kgentry@mibiz.com

KALAMAZOO – A crossroads of Kalamazoo on East Michigan Avenue will undergo a transformation in an ambitious development with many partners.

Mavcon Properties, working with the **Kalamazoo Community Foundation**, city of Kalamazoo, state of Michigan, and Kalamazoo County plan to refurbish the row of three buildings in the 100 block of Michigan Avenue into a mixed-use development with ground-floor retail and upper apartments.

The redevelopment of these properties was identified as the transformative project in the 2009 Downtown Kalamazoo Comprehensive Plan, according to **Downtown Tomorrow Inc.** President Ken Nacci.

"This is a crucial project for furthering downtown development, and we are very pleased to have found a developer whose vision meets those that were identified in the planning process," Nacci said.

The master plan concluded that retail, residential opportunities and sustainability are priorities for Kalamazoo.

"This project hits all three of those," Nacci told *MiBiz*.

Retail at ground level, 20 or more apartments and a LEED (Leadership in Energy & Environmental Design) building are components of the development.

Mavcon Properties President James Dally said the development is a special and important project for the Kalamazoo community.

"The vision is to revitalize this block so as to aid in the continual transformation of Kalamazoo into a vibrant and sustainable 24-hour city," Dally told *MiBiz*.

The development means more city revenue with increased tax capture. Planners project it will create about 72 new jobs with new retail tenants, 30,000 man hours for construction workers and provide "workforce" housing with apartments that will rent from \$750-1,250 per month. Dally said the project will redefine the skyline of the city.

The closing on the sale of the property is Sept. 30, 2009 with the construction start planned for Nov. 30, 2009 and completion by Feb. 1, 2011.

Broadband bonanza

By Karen Gentry | MiBiz
kgentry@mibiz.com

WEST MICHIGAN – Internet servers, for-profit and nonprofit organizations and municipalities could benefit from the funding that will come into Michigan from the broadband initiative to expand the scope of the unserved and underserved parts of the state.

The **U.S. Department of Agriculture**, **U.S. Department of Commerce** and the **U.S. Department of Education** are to come up with requirements and the funds that are part of the stimulus package according to George Boersma, director of technology partnerships in the **Department of Information Technology** for the state of Michigan.

"The problem is we have parts of the state that do not have adequate broadband and households and businesses are still on dialup," Boersma told *MiBiz*.

It's mostly rural areas without high-speed service, although Oakland County there are some that do not have service. Boersma said broadband is a prerequisite for new business formation and expansion – plus, there is evidence that broadband access does better access than those who don't have access.

More than \$7 billion nationwide will be available for broadband initiatives. Boersma said the federal government has advised that if the potentially three rounds of funding criteria is issued, there will be a 60-day period to apply.

Grant approvals for the first round will be announced by December 2009.

The deadline for the second round of funding will likely be this year with monies to be distributed in early 2010 and the third round of funding will be announced in early 2011.

MiBiz Economic Development

KALAMAZOO

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Downtown Tomorrow purchased the buildings about nine years ago with the aim of a project of significant magnitude at that corner. Mavcon Properties is working on a smaller downtown renovation project on West Michigan Avenue and became interested in the buildings before beginning long, complicated negotiations with many organizations to make the project work.

Two tenants, including a Subway restaurant, are located in the development and other tenants will be sought. Nacci said although there are many retail establishments downtown, there is still a need for men's clothing, office supply, card shop, bookstore and more restaurants for the growing restaurant scene.

"I wouldn't be surprised to see a restaurant going in there. Once the ribbon is cut, there will be a lot of people knocking on our door," Nacci said.

Dally said about a half dozen well-known operators have contacted Mavcon seeking information on the retail spaces.

Currently the three buildings are not connected but share a wall, although floors are not the same level. The plan calls for the buildings to be connected and a new wall built on the north side. The more than 24,000-square-foot project includes 8,000 square feet on each of the three floors. One elevator will access the different floors by ramping, which is a key part of the project, Nacci said.

Project financing is very complicated and sophisticated, Dally said.



The Project Executive Team has been meeting weekly in the effort to bring the 100 block of East Michigan Street to fruition. Pictured from left going clockwise: Steve Sielatycki, project counsel; David Artley, Kalamazoo County director of resource development; Joe Agostinelli, Michigan Economic Development Corp.; Steven Deisler and Ken Nacci, Downtown Tomorrow Inc.; James Dally, Mavcon Properties; Jillian Green and Deb Houseman, Downtown Kalamazoo Inc.; Jerome Kisscorni and Eric Kemmer, City Economic Development Corp. and John Kneas, assistant city attorney.

"We have engaged two of the most renowned new market tax credit investment specialists, not to mention a myriad of other private and public consultants to assemble this project," Dally said.

Some of the financing includes \$1.5 million in seller financing and \$1.22 million from the Downtown Development Authority, including façade grants and public improvements.

The renovation work will involve the complete selective dismantlement of all windows, façades and interior finishes, with only the core structure and masonry support walls retained. The front façades along Michigan Avenue will be retained with their architectural detail. The buildings will be structurally reinforced and new systems applied including new roofs, glazing, interior build out, elevator and stairwells.

An addition will be constructed along the back to provide cross corridors, stairwells and to aid in the matching of floor elevations.

Beta Design worked on pre-design services. Dally said several specialty firms conducted studies on the structures to ensure the buildings could be saved. The design of the buildings will complement the surrounding area with aspects from several existing buildings, according to Dally.

"The project is being designed so as to restore the façades close to their original stature," Dally said. "The buildings will be fully gutted and reconstructed to appear as when they were originally built but will be of new higher-grade materials, enabling the property to last another 100 years."

Sustainable features will include low-usage water fixtures, low-VOC finish products, a partial green roof system and high efficiency appliances and fixtures.

Mavcon constructed **Oneway Products**, one of Kalamazoo's first brownfield redevelopment sites, and is currently completing the \$2 million development on West Michigan Avenue, a three-story, LEED certified project. Beta Design is also the design partner for that project. All construction is being handled by **Mavcon Inc.**, Mavcon Properties' sister company.

The 100 block of East Michigan has a storied past and has been home to a cigar factory, saloon, restaurants, apartments, warehouse and more recently a luggage shop and office supply store, according to Nacci. **MBIZ**

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